

Message Text

LIMITED OFFICIAL USE

PAGE 01 CAIRO 11567 01 OF 02 251514Z
ACTION NEA-10

INFO OCT-01 ISO-00 NEAE-00 OPIC-03 EB-08 MMO-01 AID-05
COME-00 PER-01 SSO-00 SS-15 SP-02 /046 W
-----049505 251535Z /50
O 251502Z APR 78
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC IMMEDIATE 8384

LIMITED OFFICIAL USE SECTION 01 OF 02 CAIRO 11567

E.O. 11652: N/A
TAGS: EAID, EINV, US, EG
SUBJ: PROPOSED ASSIGNMENT OF OPIC OFFICER TO CAIRO

REF: (A) STATE 104062, (B) CAIRO 11383

1. EMBASSY/USAID OF COURSE ARE IN AGREEMENT WITH PROPOSITION THAT EVERY FEASIBLE EFFORT SHOULD BE BROUGHT TO BEAR ON PROMOTING PRIVATE SECTOR DEVELOPMENT, INCLUDING FACILITATION OF U. S. INVOLVEMENT IN INVESTMENT SCENE, AS IMPORTANT PART OF OUR OVERALL POLICY GOALS IN EGYPT. WE MUST NECESSARILY GIVE A TENTATIVE AND INITIAL REPLY TO REFTEL, HOWEVER. IT DESERVES CONSIDERABLY MORE THOUGHT BY ALL OF US BEFORE FIRM DECISIONS CAN BE TAKEN.

2. AS WE UNDERSTAND IT, SFRC THRUST TO SHIFT FUNDS TO OPIC IS PRIMARILY BECAUSE OF A BELIEF THAT OPIC CAN PLAY A USEFUL ROLE IN STIMULATION OF EGYPTIAN PRIVATE SECTOR. THE PROPOSAL INCLUDED IN REFTEL (A), WHICH RELATES PRIMARILY TO "PROJECT SELECTION AND BROKERAGE" DOES NOT SEEM TO US TO RESPOND IN ANY DIRECT FASHION TO CONCERNS WHICH WE UNDERSTAND ARE BEING EXPRESSED BY SFRC. AS DEFINED IN REFTEL (A), FRANKLY IT WOULD APPEAR TO US THAT PROPOSED OPIC OFFICER'S ROLE WOULD TEND TO DUPLICATE OR CONFUSE ROLES TO BE PLAYED BY EMBASSY ECON/COMMERCIAL
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CAIRO 11567 01 OF 02 251514Z

SECTION AND PROPOSED AID SUPPORT OF EGYPTIAN INVESTMENT AUTHORITY THROUGH INVESTMENT INFORMATION CENTER PROJECT. VERY PARTICULARLY WE DO NOT BELIEVE THAT GOE WANTS A USG EMPLOYEE TO ACT AS A "BROKER" OF PROJECTS SEEKING FOREIGN PRIVATE INVESTMENT.

3. IN THIS CONNECTION, WE NOTE THAT ANOTHER OF STATED

REASONS FOR ASSIGNMENT OF OPIC OFFICER IS TO ASSIST U. S. PROJECT SPONSORS IN OBTAINING GOE INVESTMENT APPROVALS. THIS, HOWEVER, HAS NOT BEEN PROBLEM DURING PAST YEAR; SOME 800 SUCH APPROVALS HAVE BEEN ISSUED IN THAT PERIOD. IMPEDIMENTS ARE FOUND IN FURTHER IMPLEMENTATION, WHICH IS A FUNCTION OF CORPORATE DECISION MAKING ON BASIS OF PROFITABILITY OUTLOOK OF SPECIFIC PROJECTS, NOT ONE OF CUTTING BUREAUCRATIC RED TAPE.

4. SEE REF B FOR PARTIAL RUNDOWN OF VARIOUS AID-SPONSORED ACTIVITIES SPECIFICALLY DESIGNED TO FURTHER PRIVATE SECTOR DEVELOPMENT. FORD FOUNDATION, TOO, HAS PROGRAM OF ASSISTANCE TO INVESTMENT AUTHORITY AND IESC WE UNDERSTAND HAS EXPRESSED INTEREST IN INVESTMENT ASSISTANCE. IT SHOULD BE NOTED ALSO THAT EMBASSY E/C SECTION IS ACTIVE ON DAILY BASIS IN THIS AREA AND HAS EXTENSIVE CONTACTS WITH INVESTMENT AUTHORITY, CHAMBERS OF COMMERCE AND INDUSTRY FEDERATION, BUSINESS COUNCIL AND INDIVIDUAL EGYPTIAN AND AMERICAN BUSINESSMEN. NUMBER ONE CAMPAIGN IN EMBASSY'S FY 1978 CAP CONCERNS INVESTMENT PROMOTION.

5. USAID IS CONSIDERING WHETHER IT SHOULD BEEF UP ITS CAPACITY TO IMPROVE PROGRAMMING ACTIVITIES IN SUPPORT OF BOTH DOMESTIC AND FOREIGN PRIVATE SECTOR ACTIVITIES IN EGYPT. OUR GENERAL PROPOSALS IN THIS VEIN WERE DESCRIBED IN REF (B). USAID ALREADY HAS ESTABLISHED PRIVATE SECTOR LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CAIRO 11567 01 OF 02 251514Z

TASK FORCE, AND HAS ASSIGNED TWO CAPITAL DEVELOPMENT OFFICERS TO TASK FORCE ON A PERMANENT BASIS AND THREE OTHER USAID OFFICERS ON A PART-TIME BASIS, WITH EMBASSY COMMERCIAL OFFICER ALSO PARTICIPATING ON A PART-TIME BASIS. FULL TIME STRENGTH NOW DEVOTED TO TASK FORCE IS CURRENTLY PRIMARILY CONCERNED WITH INSTITUTIONAL IMPROVEMENTS RELATED TO FINANCING OF PRIVATE SECTOR VENTURES. USAID MAY NEED TO STRENGTHEN TASK FORCE CAPACITY TO WORK ON OTHER INSTITUTIONAL DEVELOPMENTS NEEDED TO STRENGTHEN ROLE OF BOTH DOMESTIC AND FOREIGN INVESTMENT IN EGYPT, INCLUDING MECHANISMS FOR PROVIDING TECHNICAL AND MANAGERIAL ASSISTANCE TO SMALL AND MEDIUM SCALE EGYPTIAN PRIVATE SECTOR INVESTORS. USAID IS CONSIDERING ESTABLISHING AT LEAST ONE ADDITIONAL FULL TIME POSITION WITHIN PRIVATE SECTOR TASK FORCE TO SUPPLEMENT TALENTS ALREADY AVAILABLE.

6. RELATED POINT IS CONCERNED WITH PROFESSIONAL QUALIFICATIONS OF OPIC OFFICER PROPOSED TO BE ASSIGNED TO POST. WE WOULD WANT TO BE ASSURED HE OR SHE HAS TALENTS SUPPLEMENTAL TO THOSE NOW AVAILABLE TO EMBASSY/USAID. SIGNIFICANT EXPERIENCE IN PRIVATE SECTOR STIMULATION

PROGRAMS ABROAD WOULD BE FUNDAMENTAL REQUIREMENT. IT MAY WELL BE THAT OPIC HAS OR COULD FIND TALENT WHICH CAN HELP STRENGTHEN TASK FORCE ACTIVITIES. IF THIS WERE POSSIBLE, ASSIGNMENT OF AN OPIC-SPONSORED SPECIALIST TO AID MISSION COULD PROVE HELPFUL TO ACHIEVING OUR OBJECTIVES. HOWEVER, ROLE AND FUNCTIONS OF SUCH AN INDIVIDUAL NEED BETTER DEFINITION, AND OPIC'S CAPACITY TO PROVIDE RIGHT PERSON, NEED FURTHER EXPLORATION.

7. RE PARA 5, REFTEL (A), WE ARE UNCLEAR AS TO PURPOSE

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 CAIRO 11567 02 OF 02 251520Z

ACTION NEA-10

INFO OCT-01 ISO-00 NEAE-00 OPIC-03 EB-08 MMO-01 AID-05

COME-00 PER-01 SSO-00 SS-15 SP-02 /046 W

-----049557 251535Z /50

O 251502Z APR 78

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC IMMEDIATE 8385

LIMITED OFFICIAL USE SECTION 02 OF 02 CAIRO 11567

OF TRANSFER OF \$200,000 TO OPIC FOR FEASIBILITY STUDIES. WOULD THESE FUNDS BE USED TO SUPPLEMENT OPIC'S EXISTING FUNDS FOR PARTIAL FINANCING OF FEASIBILITY STUDIES? IF NOT, HOW WOULD OPIC PROPOSE TO USE TRANSFER?

8. ALSO, USAID, AS PART OF ITS PRIVATE SECTOR EFFORT, IS CONSIDERING ALLOCATING PART OF CURRENT FEASIBILITY STUDY FUNDS TO MINISTRY OF ECONOMY FOR FINANCING OF JOINT VENTURE FEASIBILITY STUDIES. WE ARE NOW WRESTLING WITH TERMS AND CONDITIONS WHICH WOULD APPLY TO THESE STUDIES BUT BELIEVE WE WILL HAVE DEVELOPED A WORKABLE PLAN SHORTLY. IF THIS INITIAL EFFORT WERE TO APPEAR VIABLE, WE SHOULD CONSIDER PROPOSING SEPARATE PROJECT IN FY 79 TO CARRY ON THIS ACTIVITY. THUS, IT WOULD APPEAR THAT PROPOSED TRANSFER OF FUNDS TO OPIC WOULD DUPLICATE OUR EFFORTS HERE. IN ANY EVENT, WE DOUBT THAT GOE WOULD WANT TO SEE FUNDS FROM BILATERAL PROGRAM TRANSFERRED TO USG ENTITY FOR USE BY IT WITHOUT PARTICIPATION OF GOE.

9. CERTAIN QUESTIONS ARISE ON ADMINISTRATIVE SIDE OF

PROPOSED ASSIGNMENT. OPIC OFFICER EVIDENTLY WOULD FORM INTEGRAL PART OF AID STAFF WITH DEFINED DUTIES ON PRIVATE SECTOR TASK FORCE, BUT HIS WORKING RELATIONSHIP TO E/C SECTION AND ITS RESPONSIBILITIES IS NOT SPELLED OUT.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CAIRO 11567 02 OF 02 251520Z

PRACTICAL EFFECT OF REP BEING RESPONSIBLE TO OPIC FOR OPIC PROGRAM POLICY IS UNCLEAR TO US; IT GOES WITHOUT SAYING, PERHAPS, THAT ANY EMPLOYEE ASSIGNED TO MISSION WOULD BE SUBJECT TO PRESIDENTIAL DIRECTIVE ON AUTHORITY OF AMBASSADOR. FURTHER, REGIONAL ROLE FOR OPIC OFFICER WOULD NOT BE AGREEABLE TO EMBASSY, IF FOR NO OTHER REASON THAN DIFFICULTY WE WOULD HAVE IN PROVIDING LOGISTICAL SUPPORT FOR ESSENTIALLY PART-TIME STAFFER. (AMBASSADOR HAS CONSISTENTLY DECLINED TO HAVE REGIONAL OFFICER ASSIGNED TO THIS MISSION FOR THIS REASON.)

10. IN SHORT, PROPOSAL RAISES NUMBER OF QUESTIONS WHICH WE WOULD LIKE TO SEE EXPLORED BEFORE PURSUING IDEA. CONTINUATION OF CABLE DIALOG IS ONE MEANS, OF COURSE, BUT EMBASSY/USAID WOULD WELCOME TDY VISIT OF SENIOR OPIC OFFICIAL TO DISCUSS FEASIBILITY AND USEFULNESS OF ASSIGNMENT. AT THIS STAGE, WE CAN SEE RANGE OF POSSIBILITIES RESPONSIVE TO SFRC CONCERNS WHICH WOULD NOT INVOLVE FORMAL TWO-YEAR POSTING OF OPIC REP., INCLUDING REGULAR VISITS FROM WASHINGTON BASE, SHORT-TERM TDY'S, MEDIUM-TERM PASA ARRANGEMENT OR TEMPORARY ASSIGNMENT TO CAIRO FOR RELATIVELY LIMITED PERIOD. THESE AND OTHER QUESTIONS CAN BE WORKED OUT AFTER WE ARE FURNISHED FURTHER WASHINGTON THOUGHTS AND DETAILS ON PROPOSAL. EILTS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PERSONNEL, INVESTMENT GUARANTEES
Control Number: n/a
Copy: SINGLE
Draft Date: 25 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978CAIRO11567
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780176-0770
Format: TEL
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780421/aaaaarkx.tel
Line Count: 204
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4a1549a8-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 104062, 78 CAIRO 11383
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2863431
Secure: OPEN
Status: NATIVE
Subject: PROPOSED ASSIGNMENT OF OPIC OFFICER TO CAIRO
TAGS: EAID, EINV, US, EG, OPIC
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/4a1549a8-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014